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SUBJECT: BOLIVIA: THE ATTRACTION OF DREAMS OVER REALITY

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Classified By: Ambassador David N. Greenlee for reasons 1.4d and b.

11. (C) Summary: If every country relies on myths and dreams, Bolivia's dependence crosses a critical threshold, often blinding political leaders to practical realities and to the pragmatic steps best suited to confront them. Bolivia's perennial demand for sovereign access to the sea from Chile is first on the list. Other fashionable illusions include the view that renewed state-centric economic policies will bring more Bolivians a better life; that non-U.S. investment and assistance are better attuned to Bolivia's needs; and that the invocation of words like "sovereignty" and "dignity" will dispel the evil spirits of globalization. The Constituent Assembly's ability to cure Bolivia's real ills may fall in the same category. In this sense, the government of Evo Morales participates in a cherished tradition -- but with a vengeance. Its chief priest, Foreign Minister David Choquehuanca, with claims about the longevity of his Aymara ancestors and the nutritional value of coca, has taken mythologizing to new extremes. But an excessive reliance on dreams brings dangers - the greatest being the widening divide between myth and reality. As former President Carlos Mesa ultimately found, governments can't live by words alone. The Morales' administration, full of big dreams, may do no better, and possibly worse. End Summary.

Bolivia the Stargazer

12. (C) All countries have their myths and dreams, which lend ballast to national identity and inform national vision and hope. But some countries rely more on such stuff than others do. This can probably be traced to unfulfilled promise,

frustrated expectations and the sense that plain reality falls short. Dreams are therefore required as compensation. As one of the hemisphere's poorest countries, yet paradoxically surrounded by a wealth of natural resources and untapped potential, Bolivia is a prime example. Beyond providing psychological solace for its seemingly intractable problems -- poverty and starkly uneven development in particular -- Bolivia's dreaming crosses a critical threshold, and serves a yet more ambivalent function. By distracting leaders from real-life challenges -- such as the need for jobs, almost always the top priority on any bottom-line list of local demands -- it often blinds them to the prosaic, essentially pragmatic steps that in most cases are best suited to confront them. Like Aesop's fabled stargazer, the country's tendency to dream lofty dreams often seems to land it stumbling in a ditch. In concrete terms, this means that Bolivia, surrounded by possibility, still limps along as South America's poorest, least developed and most politically unstable country.

Dreaming of the Sea

13. (C) The list of Bolivia's dreams is long, but must begin with the perennial demand that neighboring Chile return the seacoast it took in the 1879-1880 War of the Pacific. Even sophisticated Bolivians with a strong rational streak grow misty-eyed over the loss, invoking vague psychoanalytic concepts like the national sense of "amputation" when referring to the sea. A recent Minister of Economic Development alleged that the lack of ocean access cost Bolivian \$600 million per year, a figure totally unsupported by the facts. Bolivia's annual March 23 "Day of the Sea" celebrations, which commemorate the martyr Eduardo Abaroa's heroic failure to turn back a Chilean assault, feature parades with Bolivian Navy officers at the head and speechifying by political leaders about Bolivia's just cause

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for the sea and the ways they plan to get it back (berate Chile and, this year, Great Britain, try to rope in the UN, the OAS, the U.S., other actors etc.). In this year's parade, several indigenous women in native dress snaked through the streets of La Paz, bearing a large model boat like a cross, to underscore the point.

14. (C) It is doubtful these public demonstrations bring Bolivia closer to its goal. For one, the coast Bolivia lost in 1879, centered around the modern port city of Antofagasta, cuts deep into present-day Chile, and getting the same swath back now would involve slicing that country in two: an unlikely prospect. The geographic focus of Bolivia's more recent retrieval efforts is Arica, on the northern tip of Chile. The problem is that this area never belonged to Bolivia, but to Peru -- which complicates any possible negotiation with the addition into the mix, mandated by treaty, of that thorny third party. Bolivia's public posturing probably stands in the way of a pragmatic, real world solution -- such as the one suggested by former Chilean President Lagos in his recent meeting with A/S Shannon in La Paz. This idea turns on strengthening the transportation, economic and political links between the two neighbors such that Bolivia, in the end, would acquire a kind of de facto (and wide-ranging) sea access. Alas, Bolivia's transcendental dream blocks this practical path not just to the coast, but also to the faster and greater economic integration and development the country so desperately needs.

Other Myths that Block

15. (C) Bolivia sustains -- and blockades -- itself with other myths too. While some (like the sea claim) are enduring, many change according to political needs. A number of those currently fashionable are:

-- State-led economic policies will bring a better life to more Bolivians (coupled with the corollary notion that the

country's present political, economic and social troubles are wholly the result of "neo-liberalism"). There are several ironies to note here. First, deep-seated structural problems long predate the liberal reforms of the late 80s and 90s, which were seen as the best hope for a Bolivia mired in statism at the time -- suggesting the swing of a pendulum. Next, Bolivians view the state as hopelessly corrupt, but are nonetheless willing again to hand it the reins and resources of an even greater segment of the economy -- vastly expanding the opportunities for government corruption. Finally, genuine socialist-type economies that turn their backs on the market and international investment have succeeded precisely nowhere. Moreover, the success of the rising economies of the East, China and India in particular, appear to hinge on their having shed their own socialist dreams. In sum, by pursuing its own cloudy version of socialism now, Bolivia (joined, perhaps, by several of its neighbors) may find itself caught in a kind of historical eddy, which will bring it slowly backward against the flow of the rushing global stream - with untold consequences for most of its citizens.

-- Investment and development assistance from countries other than the U.S. will bring more and greater benefits to the Bolivian people. Almost any country (besides Chile) qualifies as inherently more "disinterested" than the U.S., which is seen primarily as an imperialist power bent on robbing Bolivia of its natural resources. Japan's Ambassador to Bolivia is constantly receiving kudos in the press for that country's (mostly tied) aid, and his benevolent European

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counterparts are not far behind. China's supposedly imminent wave of investment is also viewed through a strangely rose-hued lens, as somehow balanced, beneficent and having the better interests of ordinary Bolivians in mind (an idea vigorously contested by analysts familiar with the disciplined commercial focus of China and many Chinese.) Meanwhile, Venezuela's reportedly massive financial and other assistance, along with Cuban medical and educational programs, bask in a similar light -- as intending to benefit Bolivia (not President Hugo Chavez himself), as something other than "interference," and therefore as generally (with some exceptions) welcome. While any country can choose friends and pursue interests as it sees fit, judging by the evidence at hand, Bolivia may not have a clear idea of who its real friends, and what its real interests, are. A cold-eyed appraisal of every country's angle could help.

-- The words national "sovereignty" and "dignity," repeated often enough, will protect Bolivia from alleged assaults from abroad and help ward off the evil spirits of globalization. These phrases are typically intoned when pressure from the wider world is overwhelming and Bolivia isn't sure what to do. In this sense, they are a kind of pretext for paralysis.

When the Embassy's economic-political counselor recently told Vice-President Alvaro Garcia Linera that other countries, in negotiating free trade agreements with the U.S., had managed to protect key sectors for up to twenty years, the VP appeared genuinely surprised -- as though unaware that the act of negotiating was intended to ensure the best possible deal for one's own side. Bolivia's inability to agree to negotiate is rooted in the belief that any accord would be another exercise in imperialist exploitation, and thus, prima facie, a violation of national sovereignty. The result of Bolivia's idealism-fueled inaction: the prospective loss of over one hundred thousand jobs when the ATPDEA expires and Bolivia finds itself without an FTA.

The Constituent Assembly: Another Lofty Dream?

16. (C) This attachment to lofty ideals, often at the expense of practical reality, could also shed light on the Constituent Assembly. Proponents wax eloquently about the opportunity to "re-found" Bolivia and to right the wrongs of

500 years of colonialist exploitation, raising popular expectations almost literally sky-high. By contrast, detractors fear the assembly will fail to fulfill its larger promise for two reasons: first, because Bolivia's woes run very deep, and are unlikely to be resolved in nine to fifteen months of talk; second, because the assembly will not (and is not designed to) meet the peoples' principal underlying demand: jobs. By aiming at the stars, it will miss the real target: the stomach. Others add that nobody knows precisely what the assembly is supposed to accomplish, which guarantees it will fail to accomplish this. All this feeds the fear of some observers that the Constituent Assembly will become a forum not of national integration and reconciliation, as intended, but rather of national disintegration and discontent.

The New Mythologizing

17. (C) The government of Evo Morales, who continues to conquer crowds at home and abroad with identity politics and populist promises of better times ahead, participates in a cherished tradition in this sense. But the new administration (whose concrete policies in many key areas remain undefined) also seems to have taken to dreaming with a

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vengeance. Foreign Minister David Choquehuanca, more chief priest than top diplomat, is emblematic of this trend. In a March television interview with Andres Oppenheimer, Choquehuanca baffled his host with the claim that his Aymara ancestors enjoyed life-spans of over two hundred years, thanks to their rich diet and vigorous altiplano lifestyle. On a local radio show, Choquehuanca followed up with the assertion that coca leaves contained more calcium, and therefore had higher nutritional value, than milk, and should be served as a staple in schoolkids' breakfasts. (Note: It turns out coca does have more calcium than milk, just not the kind of calcium that can be digested by humans. End Note.) Recently, the Foreign Minister blamed Bolivia's continuing poverty on the legacy of Spanish exploitation, stating that the country was so rich in natural resources that Bolivians "should have the right to live without working."

18. (C) Coming as they do from a top-ranking official, such statements appear to suggest that the government, in framing its approach to the world, can eschew even the semblance of connection to practical reality. They also reinforce another destructive myth, that the country's indigenous peoples want most of all to preserve, or to return to, their "millennial" way of life rather than to pursue the modern dreams of economic development, better homes and cell phones -- a myth starkly contradicted by much of the practical evidence available.

Comment: The Danger of Dreams

19. (C) An excessive reliance on myths and dreams entails real dangers. The greatest of these is the widening divide between idea and pressing realities, which always intrude in the end. This may not be evident to President Morales now; his poll numbers show him soaring at 80% popular support. But it could become so soon. As former President Carlos Mesa found, a silver tongue can purchase high popularity only for so long. Eventually, one has to deliver, not just what the people want to hear, but what they actually want -- because governments can't live by words alone.

110. (C) For these reasons, the Morales' government, whose gift for dreaming is vast but whose handle on practical matters and whose administrative capabilities seem tenuous at best, may find it can do no better than its immediate predecessors, and possibly much worse. As the government's rhetoric increasingly clashes with reality, many believe troublesome days may lie ahead. Domestic conflicts have already begun popping up with an almost familiar frequency. Some believe that the social movement bases that brought the

MAS to victory, full of turbulent and anxious expectations, could eventually lead to the government's collapse as those expectations continue to go unmet.

¶11. (C) Ambassador's Note: This cable was drafted by Deputy E/Pol Chief Alexis Ludwig. It reflects a personal but broadly shared perspective of a Bolivia still very much caught in the cross-currents of a rolling social revolution.
GREENLEE